
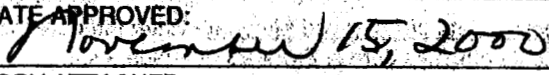
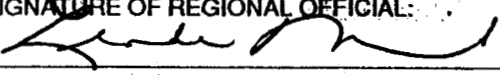


TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: HEALTH CARE FINANCING ADMINISTRATION		1. TRANSMITTAL NUMBER: <u>9 9 — 0 1 3</u>	2. STATE: NV
		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE 07/01/99	
5. TYPE OF PLAN MATERIAL (Check One):			
<input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT			
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION: SS Act Section 1902(a)(13) as amended by Section 4711 of the BBA of 1997		7. FEDERAL BUDGET IMPACT: (Refer to 9/11/00 Let: a. FFY <u>00</u> \$ <u>3,200,000</u> b. FFY <u>01</u> \$ <u>3,200,000</u>	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-D, pages 1,3,6,7		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Attachment 4.19-D, pages 1,3,6,7	
10. SUBJECT OF AMENDMENT: Long Term Care Facility Payment Rates			
11. GOVERNOR'S REVIEW (Check One):			
<input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL: 		16. RETURN TO: Betty Leyrer Chief Program Services Nevada Medicaid 2527 N Carson St Carson City NV 89706	
13. TYPED NAME: Charlotte Crawford			
14. TITLE: Director, Dept of Human Resources			
15. DATE SUBMITTED:			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED: 9/30/99		18. DATE APPROVED:  November 15, 2000	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: 7/1/99		20. SIGNATURE OF REGIONAL OFFICIAL: 	
21. TYPED NAME: Linda Minamoto		22. TITLE: Associate Regional Administrator Division of Medicaid	
23. REMARKS:			

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

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PAYMENT FOR LONG TERM NURSING FACILITY SERVICES

METHODS AND STANDARDS

Payment is made for services provided in nursing facilities, including nursing facilities for the mentally retarded, in accordance with Section 1902(a)(13) of the Social Security Act as amended by Section 4711 of the Balanced Budget Act of 1997. Payments may never exceed a facility's customary charges. Reimbursement of transportation service in Clark, Washoe, Churchill, and Carson City counties nursing facilities is an exception to the general rule that reimbursement is made in accordance with 42 CFR Part 447, Subpart C.

A. Hospital Based Facilities: (Hospital based facility is defined as: a) a facility sharing a common building or common tract of land with a hospital owned or operated by the state, or an instrumentality or unit of government within the state, located within a county of a population of 100,000 or less; or b) a facility (public or private) which prior to July 1, 1992, was paid for both inpatient hospital services under Attachment 4.19BA of the Medicaid State Plan and long term nursing facility services under this section.)

1. Long term care services are paid for under Medicare principles of reimbursement described in 42 CFR 413, including the routine cost limitations specified in 413.30 and further specified in HCFA Publication 15.
2. In no case may payment for hospital based long term care services exceed the provider's customary charges to the general public or the Medicare payment to the hospital for extended care facility services.
3. Each facility is reimbursed the lower of 1) billed charge; or 2) an interim percentage of billed charges which is the ratio of costs to charges from the facility's most recently audited cost reporting period.

B. Free Bystanding Facilities: (Free Bystanding facility is defined as any other facility providing nursing services.)

1. A prospective per diem rate is set for all costs, except those currently associated with property, return on equity, and certain ancillaries.
 - a. Nevada Medicaid generally follows the guidelines of the Medicare Provider Reimbursement Manual, parts one and two (HIM 15). In addition, Nevada Medicaid imposes the following limitations on cost:

1) Salaries:

Administrator	\$40,000 per year
Assistant Administrator	\$30,000 per year

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- g. The per diem cost by category of reimbursement for facilities identified in 'f' is then indexed forward to the mid-point of the new rate period using the indexing described in 'd'. For instance if the rate at the 60th percentile was based on December 31 data and the rates were to be effective in the following July to June period, the rates would be indexed forward from the base December 31 period one year to the December 31 falling in the July to June rate period.
 - h. Rates developed using this method were originally implemented January 1, 1988 for the period of January 1 through June 30, 1988. Rate adjustments are described at section C, paragraph 1.
- 2. Property is reimbursed on a prospective rate for each individual facility. Exceptions to this are described in (f) below:
 - a. Audited costs are used from the same cost report data described in B.1.b.(1) above. However this is not indexed to a common point.
 - b. In some circumstances when a recent appeal has established more current cost information than is available from the cost report, the costs determined in the appeal are used.
 - c. Once the basic rate has been calculated from either step 'a' or 'b' above, this amount is indexed to the current rate period.
 - d. The index factor used is determined by measuring the percentage change in property costs for Nevada facilities in the aggregate between the two most recently audited years. The property costs used are those of owned facilities since the inflation factor is designed to reflect the average cost increase of an owned facility including such item as changes in property tax, insurance, and routine replacement equipment purchases. (Major lease costs are excluded from this calculation. These major lease costs are for the building and land. If the lease also includes the moveable property within the building, it would be considered part of the major lease cost. The limitation described in 2.f.(4) would apply to these leases.) Leases for individual pieces or small groups of equipment are considered to be minor and are treated as if they were owned for the development of the inflation factor. For instance, if the audited property costs available on December 31 of the current year was \$3,000,000 for all Nevada facilities and the

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- g. The limitations defined in 2.f.(2)(a)B(d) above will be applied to all new facilities and additions to existing ones. The lease capitation applies to all new leases regardless of the age of the facility.
- h. For purposes of the property rate determination, the occupancy factor of 92% or actual, whichever is greater, shall be applied. (For properties that are leased, the lease cost shall be excluded before applying the occupancy factor. The result shall be added to the lower of the lease capitation rate determined in paragraph B.2.f.(4) or the actual lease cost.)

C. For addition to the basic rates and reimbursement previously described, the following do apply:

- 1. Prospective payment rates are based on the methods described under Section B above. Rates in effect on June 30, 1999 will be continued without adjustment except as may be directed by the Department of Human Resources.
- 2. The lower of billed charges or a reimbursement amount developed under sections 'A' and 'B' above is paid each facility based on the categories of reimbursement to which patients have been assigned.
- 3. A financial penalty is added to further assure quality of care is not affected by the adoption of a prospective rate. At the time a facility files its cost report, the minimum number of nursing hours which should have been provided will be calculated and compared to actual hours provided. If the facility falls below the minimum requirement, the difference in cost will be established and becomes the penalty amount. Final adjustments to the penalty, if needed, will be made at the time of audit. The penalty will be renewed through an offset against the future claims. When claims are no longer being received, direct payment will be required by the provider.
- 4. Additional reimbursement as required by the Omnibus Budget and Reconciliation Act of 1987 (OBRA 87) is provided as follows until the costs of the requirements are captured in cost reports and reflected in the rates developed under Sections A and B:
 - a. Additional patient trust fund administrative costs: Compensation is added to cover the cost of five hours of overtime pay for an account clerk in each facility.
 - b. Transfer of patients: One-half hour of additional clerical time per five-day work week is added to the cost of each facility to compensate for the activity.

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D. Intermediate Care Facilities for the Mentally Retarded (ICFs/MR)

1. ICFs/MR (excluding private ICFs/MR Small):

- a. ICFs/MR, excluding private ICFs/MR Small ("small" is defined as facilities having six beds or less), are reimbursed under Medicare principles of retrospective reimbursement described in 42 CFR 413 and further specified in HCFA Publication 15.
- b. In no case may payment exceed audited allowable costs.
- c. Each facility is paid the lower of 1) billed charge; or 2) an interim rate subject to settlement in accordance with a. and b. above.

2. Private ICFs/MRBSmall:

- a. Prospective Payment Rate. Private ICFs/MRBSmall will be paid a prospective payment rate for basic service costs, other than day training costs and property costs, on a per patient day basis. Day training costs and property costs, excluded from the basic prospective rate, will be reimbursed under Medicare principles of retrospective reimbursement as described in paragraph 1 above.
 - 1) The initial basic prospective payment rate, per patient day, will be the average of costs (excluding residential staff wages and benefits) of the four private ICFs/MR Small, operating a full year, from 1993 audited cost reports. Costs will be indexed to the common time period of December 31, 1993. Residential staff wages and benefits cost is calculated, and added to the average, at the rate of \$11 per hour for 6.4 full time equivalents. The initial rate period is one year from July 1, 1995 through June 30, 1996. Therefore, the rate will be adjusted for inflation for the period June 30, 1993 B December 31, 1995 (the midpoint of the cost report period to the midpoint of the rate period) by the percentage change in the Consumer Price Index B All Urban and Clerical Workers (CPI), for calendar year 1993 times 2.5. The initial rate will be effective for private ICFs/MR Small on July 1, 1995.
 - 2) The basic prospective payment rate will be rebased at least once every three years. Upon rebasing, costs will be indexed to a common point in time, arrayed from highest to lowest, and the cost of the 60th percentile facility selected. The rate will further be adjusted for inflation by the CPI. Only audited cost reports of private facilities completed by March 31st of the same year will be used. No interim rate adjustments will be provided except as directed by the Department of Human Resources.

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